

Message Text

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21

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 IO-13 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01

OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 NSCE-00

SSO-00 USIE-00 INRE-00 PA-01 PRS-01 /111 W

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O R 271028Z JUL 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 3981

INFO AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY BONN

USMISSION EC BRUSSELS IMMEDIATE

USMISSION NATO BRUSSELS

C O N F I D E N T I A L LONDON 11643

E.O. 11652: XGDS-1

TAGS: EFIN, EEC

SUBJECT: EC COMMISSION PROPOSALS TO RESOLVE CIEC IMPASSE

REF: (A) STATE 184196, (B) STATE 184195, (C) EC BRUSSELS

7275, (D) LONDON 11577, (E) EC BRUSSELS 7344

1. LATE ON JULY 26 ECON COUNSELOR CALLED ON STATHAM, THE DEPUTY UNDER SECRETARY IN THE FOREIGN OFFICE WHO WILL HEAD THE BRITISH DELEGATION TO THE "AD HOC EXPERTS GROUP" WHICH WILL BE MEETING IN BRUSSELS THE AFTERNOON OF JULY 27, TO DISCUSS THE PROBLEMS RAISED BY THE COMMISSION'S PROPOSALS REGARDING THE CIEC IMPASSE. (EARLIER CONFIDENTIAL

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IN THE AFTERNOON WE DISCUSSED THE SAME SUBJECT WITH BUIST

AN OVERSEAS DEVELOPMENT MINISTRY UNDER SECRETARY WHO WILL ALSO BE ATTENDING THE MEETING; BUIST'S COMMENTS WERE IDENTICAL TO STATHAM'S.) A COPY OF PARAS 4 - 6 OF REF (A) WAS GIVEN TO STATHAM; WE ALSO WENT OVER THE US PROBLEMS WITH THE G-19 DRAFT, AS STATED IN PARAS 4 - 7 OF REF (B), IN DETAIL.

2. STATHAM RESPONDED THAT THE BRITISH POSITION IS UN-CHANGED FROM THE ONE REPORTED LAST WEEK, OF REFUSAL TO MAKE A PRIOR COMMITMENT TO DEBT RELIEF. EVEN SHOULD BRITISH OFFICIALS WANT TO SHIFT THIS POSITION--WHICH THEY DO NOT--IT WOULD BE IMPOSSIBLE TO DO SO FOR THIS WEEK'S EC MEETINGS. MINISTERS WILL BE REVIEWING THE WHOLE COMPLEX OF NORTH-SOUTH ISSUES -- BUT THIS REVIEW BEGINS NEXT WEEK.

3. THE BRITISH, STATHAM SAID, SHARE OUR PROBLEMS WITH THE G-19 DRAFT AND FROM WHAT THEY KNOW OF THE COMMISSION PROPOSALS, THOSE PROPOSALS DON'T MAKE MUCH USEFUL IMPROVEMENT IN THE G-19 DRAFT. THEY ALSO SHARE OUR VIEW THAT DEBT RELIEF IS THE PRIMARY G-19 OBJECTIVE, AND THAT THE INDEXATION ISSUE HAS BEEN THROWN IN AS A MAKEWEIGHT. FINALLY, THEY AGREE WHOLEHEARTEDLY THAT THE G-8 MUST STICK TOGETHER ON THIS ISSUE.

4. UNFORTUNATELY, IN STATHAM'S VIEW, THE EC MEETINGS THIS WEEK ARE UNLIKELY TO PRODUCE AGREEMENT. THE DUTCH VIEWS ARE FIRMLY HELD. STATHAM FELT THAT FRANCE WAS THE WILD CARD, IN THAT THE FRENCH TREASURY SHARES THE US/UK STRESS ON THE UNACCEPTABILITY OF A COMMITMENT TO IMMEDIATE DEBT RELIEF, WHILE THE FRENCH FOREIGN MINISTRY IS MAINLY CONCERNED TO MAKE A "SUCCESS" OUT OF CIEC, EVEN IF THIS INVOLVES YIELDING TO THE G-19 ON IMPORTANT ISSUES OF PRINCIPLE.

5. LOOKING STILL FURTHER AHEAD, STATHAM, WHILE AGREEING THAT IT WAS BETTER NOT TO HAVE CIEC MEETINGS IN SEPTEMBER IF THE PRICE FOR THEM IS UNACCEPTABLE, WONDERED WHETHER IT WOULD THEN BE POSSIBLE TO WIND UP CIEC'S WORK BY THE END OF THE YEAR. (HIS FEARS, SHARED

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BY OTHER BRITISH OFFICIALS, STEM IN PART FROM WORRIES ABOUT THE ADDITIONAL STAFFING BURDEN BRITISH ASSUMPTION OF THE EC PRESIDENCY WILL PLACE ON THE UK BUREAUCRACY DURING THE FIRST HALF OF 1977; IN PART FROM A FEELING THAT MINISTERS, WHILE NOT NECESSARILY ENTHUSIASTIC ABOUT CIEC, WILL NOT WANT TO SEE IT "BLOW UP" OR EVEN FAIL TO END ON TIME.) HE WONDERED WHAT SORT OF LANGUAGE THE US COULD CONTEMPLATE, PER PARA 6 OF REF (A), TO ALLOW THE

G-19 TO AIR THEIR VIEWS WITHOUT THIS ENTAILING ANY G-8
ADVANCE COMMITMENT. FINALLY, "THINKING OUT LOUD," HE
WONDERED JUST HOW MUCH "GIVE" THERE IS IN THE US POSITION,
AND, PARTICULARLY, WHETHER THE USG WILL BE IN A POSITION
TO MAKE MAJOR DECISIONS ON THIS SUBJECT DURING THE LAST
MONTHS OF 1976.

ARMSTRONG

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